

COUNCIL COMMUNICATION

TO:	THE CITY COUNCIL	COUNCIL MEETING DATE	NO.
FROM:	THE CITY MANAGER'S OFFICE	SEPTEMBER 19, 1990	
SUBJECT:	AUTHORIZATION TO NEGOTIATE A FUEL SUPPLIES AGREEMENT		

RECOMMENDED ACTION: That the City Council authorize the Purchasing Officer to negotiate a six-month fuel supplies agreement with a local major brand distributor, covering the period October 1, 1990 through March 31, 1991.

BACKGROUND INFORMATION: In view of the current Middle East crisis and the uncertainty over availability of fuel this winter, it would be prudent for the City to be involved in a fuel supplies agreement with a major refiner over the near term.

While fuel supplies contracts do not guarantee delivery of 100% of fuel requirements in times of shortages, users with contracts generally are given preference over those without. Additionally, the current supplies situation seems to favor major refiners over independents, hence the decision to align with a major supplier such as Chevron or Arco.

Estimated fuel usage during the six-month period would be

43,000 gallons regular unleaded
6,500 gallons regular leaded
17,000 gallons diesel.

Projected costs will be difficult to determine as the price of oil varies, but at today's prices the total cost to the City during the period would be about \$75,000.

Results of the negotiations will be presented to the City Council at the meeting of October 17, 1990.

Joel E. Harris
Joel E. Harris
Purchasing Officer

cc: Finance Director